

CHAPTER 3

TITLE AND REGISTRATION PROCEDURES

Section 3-1

TITLES

3-1.1 Authorization. Section 235 of the *Michigan Vehicle Code* (MCL 257.235) requires that every vehicle in a dealer's possession intended for resale must have a properly assigned certificate of title with the odometer information properly completed.

3-1.2 Requirement. A vehicle may not be sold, displayed, or offered for sale in Michigan unless the dealer has a properly assigned title or other ownership document in possession. This is true even for vehicles purchased from other states whose laws permit financial institutions to hold the title until the lien is paid, or in "title-attached" situations. Brokers and auctions should use the Broker Fee Agreement to show authorization to hold the vehicle. If the dealer is the last assignee on the title or other ownership document and no blank assignments remain, the dealer must obtain a resale title prior to sale or display of the vehicle.

3-1.3 Manufacturer's Certificate of Origin (MCO) Exception. The only exception to the document possession requirement is for a new vehicle which has an electronic (paperless) Manufacturer's Certificate of Origin (MCO). The dealer should have an invoice or other paper evidencing ownership on file.

3-1.4 Proof of Ownership. The proof of ownership document must be properly assigned to the dealer. A proof of ownership may be one of the following:

- a) Certificate of Title;
- b) Salvage Certificate of Title;
- c) Scrap Certificate of Title;
- d) Garage Keeper's Lien form* (TR-42);
- e) Notice of Abandoned Vehicle form* (TR-52);
- f) Certificate of Repossession* (TR-10).

** Note: Requires the dealer to obtain a resale title issued in the dealer's name prior to sale or display of the vehicle.*

3-1.5 Proper Title Assignments. A proper title assignment includes:

- a) Dealer's name and address printed or typed in the title assignment;
- b) Dealer's license number;
- c) Completed odometer disclosure statement, if applicable;
- d) Signed and printed names of the buyer and seller;
- e) Date of the assignment.

Section 3-2

WHOLESALE TRANSACTIONS

3-2.1 Procedures. When a vehicle is transferred from one dealer to another dealer, a *Michigan Application for Title and Registration*, form RD-108, is not required if the purchasing dealer is buying the vehicle for resale. The selling dealer simply assigns the title or MCO to the purchasing dealer, and completes the odometer disclosure and separate salvage disclosure, if applicable. All assignments must be dated.

3-2.2 Resale Titles. If all assignment spaces on the title are already filled, the selling dealer must apply for a resale title before completing the sale. No tax is due.

Section 3-3

RETAIL TRANSACTIONS

3-3.1 Procedures. When selling a vehicle to a non-dealer, the selling dealer must apply for title and registration on the purchaser's behalf within 15 days after delivering the vehicle. The requirements for completing form RD-108, *Michigan Application for Title and Registration*, are outlined in Chapter 7.

3-3.2 Requirements. Dealers must give the purchaser a copy of each document signed by the purchaser at the time of signing, including the RD-108 and the front and back of the title. The odometer reading is disclosed in the title assignment of conforming titles or by completing a separate odometer disclosure statement for non-conforming titles. The dealer must complete the reassignment on the certificate of title and show the purchaser the title (front and back), before delivery.

3-3.3 Transfer of Ownership. Ownership transfers when the purchaser takes delivery of the vehicle and signs either the title or the application for title (RD-108). Once ownership transfers, the dealer must apply for a title, and, if applicable, secure registration on behalf of the purchaser within 15 days of delivery.

3-3.4 Failure to Finance (Spot Delivery). Dealers must apply for title and registration in accordance with this section's requirements, regardless of the status of the financing. According to the Office of Financial and Insurance Services, the finance contract is between the customer

and the dealer. Typically, the dealer “sells the paper” to a finance company who then holds a lien on the vehicle to secure payment. If the finance company backs out of the transaction for any reason after the ownership transfers, it becomes the dealer’s responsibility to secure financing for the customer. This may require that the customer make the payments directly to the dealer. The dealer should complete a corrected RD-108 to remove the finance company as lienholder and place its lien on the vehicle.

Section 3-4

ASSIGNMENTS ON TITLES

3-4.1 By Seller. Vehicle ownership is transferred when the owner(s) signs the title assignment (assigns the title) to the new owner, and the new owner takes delivery. All owners whose names are shown on the face of the title must sign the title. Unless the vehicle is exempt from odometer disclosure requirements, the seller must complete the odometer statement on the title before the sale can be finalized.

NOTE: No further reassignments are allowed once all reassignment spaces have been used on conforming Michigan or conforming out-of-state titles (see Chapter 4, Odometer Requirements). If further reassignment space is needed, a resale title must be obtained.

3-4.2 Errors in Title Reassignments. Erasing or using white-out or correction tape automatically voids a title. If this happens, the dealer must apply for a resale title. To properly correct an assignment error, line-out the incorrect information and enter the correct information. Attach a completed form TR-34, *Certification*, explaining the error.

Section 3-5

ODOMETER STATEMENTS

3-5.1 Requirements. Dealers must keep copies of both incoming and outgoing odometer statements for five years. This includes copies of the front and back of conforming titles.

3-5.2 Conforming vs. Non-conforming Titles. Refer to Chapter 4, Odometer Requirements.

Section 3-6

DISCLOSURE STATEMENTS

3-6.1 Salvage Vehicle Disclosure Requirement. Salvage Vehicle Records Administrative Rule 3 (R 257.253), promulgated under authority of the *Michigan Vehicle Code*, requires certain documentation in the sale of a salvage vehicle. Before selling a late model salvage vehicle which has been repaired, inspected, and re-certified, the dealer shall certify to the buyer in writing that the vehicle was previously “distressed”. The written disclosure is required even if the vehicle is sold in its damaged condition. This certification may be written or printed directly on the RD-108 or on a separate document. If the RD-108 is used for salvage disclosure, the statement must

appear in the Remarks section. Merely checking the “salvage” box on the RD-108 is insufficient to serve as salvage disclosure for late model vehicles.

3-6.2 Record Keeping. Copies of salvage vehicle disclosure statements must be kept for five years. A sample Salvage Vehicle Disclosure Statement is shown at the end of Chapter. This sample may be copied and used by dealers.

3-6.3 New Vehicle Damage Disclosure Requirement. Before selling a new, demonstrator, executive or manufacturer, or program vehicle that was damaged and repaired, new vehicle dealers are required to disclose this information in writing to the purchaser. This includes an itemization of repairs if both of the following conditions apply:

- a) The dealer has knowledge of the damage and repairs to the new vehicle; and,
- b) The cost of the cumulative repairs – calculated at the rate of the dealer’s authorized warranty rate for labor and parts – exceeds *either* of the following threshold criteria:
 - 1) Five percent (5%) of the manufacturer’s suggested retail price (MSRP) of the vehicle; or,
 - 2) Seven hundred fifty dollars (\$750.00) in surface-coating repairs or corrosion protection restoration, or a combination of these items.

NOTE: A disclosure statement is not required for any damage or repair of glass, tires, wheels, bumpers, audio equipment, in-dash components, or components contained in the living quarters of a motor home.

3-6.4 Driver Education Vehicles. When a driver education vehicle is returned to the dealer after a loan or at the end of a lease, the dealer must disclose to the first retail customer in the Remarks section of the RD-108 that the car was used as a driver education vehicle. There will be no brand on the title.

Section 3-7

APPOINTMENT OF AGENT FORMS (POWER OF ATTORNEY)

3-7.1 Authorization. Certificates of Title, RD-108s, and related documents pertaining to the ownership of a vehicle must be signed by each owner named on the document. When an owner cannot sign, he/she is permitted to appoint an agent to sign on his/her behalf. Form TR-128, *Appointment of Agent*, is provided by the local Secretary of State branch office for this purpose. When used, an *Appointment of Agent* form is submitted with the title documents.

3-7.2 Prohibition. Michigan’s odometer law, Section 233a of the *Michigan Vehicle Code* (MCL §257.233a), prohibits dealers from signing an odometer statement on behalf of the purchaser when making a vehicle sale; or, if the dealer is acquiring a vehicle (by means of a purchase or trade-in), the dealer cannot sign on behalf of the seller. In summary, the following prohibitions apply:

- a) Dealers, their employees, or their agents cannot use form TR-128, *Appointment of Agent*, to sign the purchaser's signature on the back of a conforming title;
- b) Dealers, their employees, or their agents cannot use an *Appointment of Agent* form to sign the purchaser's signature on a separate odometer statement;
- c) Dealers, their employees, or their agents cannot use a seller's appointment of agent to assign the seller's trade-in title to the dealer.

NOTE: The above restrictions apply only to vehicles subject to the odometer law. See Chapter 4 for information on exempt vehicles.

3-7.3 Use. Typically, an *Appointment of Agent* form is used by an owner who cannot be present at the sale. He or she appoints a third party to serve as an agent to reassign the title of the trade-in vehicle to the dealer, including the odometer statement. The third party cannot be the dealer, an employee of the dealer, or an agent of the dealer. The appointed agent prints the owner's (seller's) name, then "P/A" (or "Power of Attorney"), and then signs his/her name.

Section 3-8

TEMPORARY REGISTRATIONS

3-8.1 Availability. There are two types of 15-day temporary registrations: the BFS-4, which is used when a purchaser buys a new plate, and the temporary registration found on the RD-108, which is used when a purchaser is transferring a current plate to the newly acquired vehicle. Fifteen-day temporary registrations are available only to Class A, B, and D dealers. The BFS-4 temporary registration permits may be purchased at the dealer's designated Secretary of State branch office.

3-8.2 Authorized Use. A 15-day temporary registration is only issued to a purchaser when a vehicle is delivered before the RD-108 can be processed at a Secretary of State branch office. A dealer should be sure to furnish the branch-issued registration and new plate, if purchased, to the buyer before the 15-day temporary registration period is over. A dealer may issue only one temporary registration to a customer.

- a) **BFS-4.** This 15-day Temporary Vehicle Registration for a Motor Vehicle, Trailer, or Trailer Coach is issued when a new license plate is being purchased. The dealer must verify that the customer has insurance before the BFS-4 can be issued. It is valid for 15 days from the date the vehicle is delivered. The vehicle can be a motor vehicle, a trailer, or a trailer coach. Dealers may obtain BFS-4 permits in blocks of five from their designated branch office at a cost of \$5. Dealers may charge customers \$1.00 to cover the cost of the BFS-4. The temporary registration information on the RD-108 must be completed.
- b) **RD-108.** The RD-108 serves as the temporary registration when the purchaser already has a license plate and is transferring it to the newly acquired vehicle from another vehicle. The dealer should verify the registration is valid and in the purchaser's name by seeing proof of registration or by contacting the Secretary of State branch office. The license plate being transferred must be immediately

placed on the new vehicle. The dealer must be sure that the customer receives a copy of the RD-108 at the time of signing. This copy of the RD-108 serves as the purchaser's temporary registration document.

NOTE: If the purchaser buys a truck and has a passenger plate to transfer, the dealer should issue a BFS-4 for a new plate in addition to completing the temporary registration information on the RD-108.

Table 1
Types of Vehicle Registrations

The following table outlines the specific uses of dealer plates and various types of temporary registrations.

	Dealer Plate	BFS-4	RD-108	In-transit Permit
Applicable Purchases	Any	Purchase of a new license plate	Transferring license plate from another vehicle	Out-of-state purchaser
How Long Plate or Permit is Valid	Up to 72 hours after delivery	15 Days	15 Days	14 Days
Information to be Recorded on RD-108	None	Record control number in the "Temporary Registration No." line of RD-108 (lower right column).	Record plate number in "Temporary Vehicle Registration" section of the RD-108 (middle left column).	Record "no title – in-transit" in plate number box. Record title number and state to be registered in Remarks section.
Miscellaneous Limitations	None	Dealer must verify proof of Michigan no-fault insurance.	Dealer must verify transfer plate is valid and registered to the purchaser's name.	Dealer must verify insurance for <u>any</u> vehicle owned by the purchaser.
Cost to Dealer	\$10 each (as of 10/1/2002)	\$1 each, in blocks of five	None	None – customer pays \$10.00

NOTE: The plate transfer information in the left column of the current RD-108 (since October 1, 1999) replaces the old BFS-8 certificates that were used for plate transfers. This information should be typed when the RD-108 is completed. However, if specific transfer plate information is unknown, this information may be handwritten on the RD-108 when the transaction is completed (i.e., customer takes delivery of the vehicle).

Section 3-9

14-DAY IN-TRANSIT PERMITS

3-9.1 Authorization. The 14-day in-transit permit allows a nonresident to drive a newly purchased vehicle to his/her home state where it will be titled and registered. The 14-day in-transit permit also serves as a tax document for the other state. Therefore, by law, the selling dealer must *always* apply for the in-transit permit, even if the purchaser is not driving the vehicle, but towing, trailering or otherwise transporting the vehicle to their home state. There are only two exceptions to this:

- a) **Salvage-titled or Scrap-titled Vehicles.** By Michigan law, a vehicle with a salvage or scrap title cannot be issued a registration of any type, which includes in-transit permits. The dealer should process the transaction as a title-only sale. The dealer is required collect Michigan sales tax. See Chapter 7, Section 7-5.2 for more information on title-only sales.
- b) **Export Sales.** If a vehicle is delivered out-of-state, it may qualify as an export sale. See Chapter 8, Section 8-4.5. A 14-day in-transit permit cannot be obtained for an export sale.

By law, only one in-transit permit may be issued for any vehicle. In addition to dealers, lease companies with Michigan tax registration numbers are eligible to obtain 14-day in-transit permits. Watercraft dealers can also issue a BFS-4 when selling a titled or non-titled trailer.

3-9.2 Proof of Insurance. Proof of Michigan no-fault insurance or out-of-state insurance is required for an in-transit permit. This can be insurance for any vehicle in the purchaser's name. The insurance certificate does not have to name the in-transit vehicle.

3-9.3 Out-of-state Address. An out-of-state address is required on the RD-108 showing where the vehicle will be titled and registered. Since no Michigan title will be issued, the lien won't be recorded in Michigan. Nevertheless, dealers should show the lien on the RD-108 for the benefit of the other state.

3-9.4 Procedure. Use the following procedure to obtain an in-transit permit:

- a) Complete an RD-108 as follows:
 - 1) In the space provided for the plate number, enter "NO TITLE – IN-TRANSIT."
 - 2) Enter the complete out-of-state address.
 - 3) Enter the state and title number of the assigned title and the statement "To be Titled and Registered in ____ (State) ____" in the Remarks section. See Chapter 8, Table 2 for sales tax information. Example:

REMARKS:
Michigan Title #226C450081
To be titled and registered in Texas

- b) Enter the 14-day in-transit permit fee of \$10 in the license fee box. Submit the properly assigned proof of ownership (title, MCO, etc.). It will be returned with the in-transit permit.
- c) Give the reassigned title and the in-transit permit to the purchaser. Instruct the purchaser to display the in-transit permit in the rear window of the vehicle. If there is no rear window, display it in any location where it can be easily seen by law enforcement personnel.

Section 3-10

RESALE TITLES

3-10.1 Requirements. Dealers *must* apply for a resale title when:

- a) All reassignments are used on a conforming Michigan title or on a conforming out-of-state title, and further reassignments are needed;
- b) A vehicle's ownership document is lost, excluding an MCO which can be replaced by the manufacturer (See Section 3-11);
- c) The ownership document is either a court order; form TR-42, *Garage Keeper's Lien*; form TR-52, *Notice of Abandoned Vehicle*; or another type of bill of sale (vehicle acquired at a tax sale, auction of government vehicles, U.S. Form 97, etc.);
- d) A late model distressed vehicle is not yet titled as salvage. The dealer must apply for a resale salvage title within five days.

3-10.2 Options. Dealers *may* apply for a resale title when:

- a) A title is being corrected;
- b) A title is to be assigned to an out-of-state purchaser;
- c) The previous owner of the acquired vehicle is deceased.

3-10.3 Application Procedure. To apply for a resale title:

- a) Complete an RD-108 naming the dealership as both buyer and seller. In the area where the plate number is shown, enter "TITLE ONLY." In the Remarks section, enter "Tax Exempt – For Resale." Be sure that the odometer information is complete and correct, and that the proper fee category is entered in the fee category space.
- b) Submit the RD-108 with the assigned title to the Michigan Department of State.
- c) If a vehicle is acquired after the death of the owner, submit a death certificate and form TR-29, *Certification from the Heir to a Vehicle*, with the RD-108. The Secretary of State branch office will record information from the death certificate and return it to the dealer. The dealer then returns the death certificate to the

family. (A resale title in this case is optional; see Section 3-19, “Acquiring a Vehicle – Previous Owner Deceased”).

- d) Submit a completed form TR-54, *Vehicle Number and On-Road Equipment Inspection* (Part 1 only) if vehicle information (year, make, VIN, body style, etc.) on the title is being corrected. Dealers may complete Part 1 when used to correct vehicle information on the title. This form is available at Secretary of State branch offices.
- e) Submit the title fee which is due. Tax is not due.

3-10.4 Legend. The following legend appears on all resale titles:

NOT ELIGIBLE FOR PLATES – NO TAX PAID

Section 3-11

LOST TITLES

3-11.1 Authority. Michigan law provides for replacing a lost Michigan title only. A lost title issued by a state other than Michigan cannot be replaced in Michigan. To qualify for a replacement title, a surety bond may be required. The bond coverage period must be three years, and the face amount of the bond must be for twice the value of the vehicle as determined by the Department of State. Appropriate forms are available from Secretary of State branch offices.

NOTE: As a general rule, the Department of State will accept the bonding company's determination of the vehicle's value. The Department reserves the right to determine the face amount of the bond if it is deemed to be insufficient under Section 257.217 of the Michigan Compiled Laws.

3-11.2 Exceptions. There are two exceptions to the surety bond procedure for replacing a lost title. The correct procedure depends – in part – on the age of the vehicle, as follows:

- a) **Vehicle Six or More Years Old.** If the vehicle is six or more years old and worth \$2,500 or less, a dealer should apply for a resale title by submitting the following forms to a Secretary of State branch office:
 - 1) An RD-108, completed for a resale title;
 - 2) A completed form TR-205, *Ownership Certification*;
 - 3) A completed form TR-54, *Vehicle Number and On-Road Equipment Inspection*, with Part 1 completed by a law enforcement officer.

NOTE: The TR-54 and TR-205 forms are available from Secretary of State branch offices.

- b) **Vehicle Less than Six Years Old.** If a vehicle is less than six years old or is worth more than \$2,500, a dealer may contact the Dealer Program Section at 517/373-9082 to request form AR-0184, *Dealer Application for Replacement of a Lost Michigan Vehicle Title*.

3-11.3 Applying for a Replacement Title. Form AR-0184, *Dealer Application for Replacement of a Lost Michigan Vehicle Title*, will be faxed or mailed to the dealer with instructions. The AR-0184 must be signed by a person whose name appears on the dealer license and then returned to the Dealer Program Section with proof of vehicle ownership. Faxed copies will be accepted, if they are legible.

- a) **Proof of Ownership.** Documents substantiating ownership by the dealer may include the following:
- 1) A photocopy of the front and back of the lost assigned title;
 - 2) A separate odometer statement from the previous owner;
 - 3) A receipt, bill of sale or auction slip showing when, where, and from whom the vehicle was acquired;
 - 4) A copy of an RD-108 showing sale of the vehicle;
 - 5) A copy of an RD-108 showing the vehicle as a trade-in;
 - 6) A copy of the Police Book page or washout record showing the vehicle entry;
 - 7) The separate odometer statement the dealer gave the customer, if the vehicle has been sold.

NOTE: Dealers should submit photocopies of documents. Originals cannot be returned to the dealer.

- b) **Issuance of Form AR-0185.** Once the Dealer Program Section is satisfied that the dealer owns the vehicle, a form AR-0185, *Dealer's Lost Title Replacement Certification*, will be issued to the dealer. Dealers may then apply for a resale title using form AR-0185 in place of the lost title.

NOTE: The Dealer Program Section will send the AR-0185 form by regular mail only. The Dealer Program Section may require a surety bond if proof of ownership is illegible or insufficient or if there is reason to believe the Michigan Vehicle Code has been violated.

Section 3-12

TRADE-IN VEHICLE

Sometimes a customer with a trade-in vehicle cannot find the title for the vehicle. A replacement title is required before the transaction can be completed. There are several ways to accomplish this:

- a) The vehicle owner can apply for a duplicate title and, upon receipt, reassign it to the dealer;
- b) The dealer can apply for a duplicate title on behalf of the owner, using form TR-128, *Appointment of Agent*, completed by the owner; or
- c) The owner and dealer can process a duplicate/transfer title transaction (see below).

NOTE: The dealer cannot use an appointment of agent form to assign the owner's title to the dealership. The owner must return to the dealership to do this or may appoint a third party (not associated with the dealership) to assign the title on his/her behalf.

Section 3-13

DUPLICATE/TRANSFER TITLE APPLICATIONS

3-13.1 Authorization. Under certain conditions, an owner who has lost his/her vehicle title may transfer vehicle ownership without first obtaining a replacement title. A special “duplicate transfer” procedure allows eligible owners to process a duplicate title application in which no title will be printed, followed immediately by processing a transfer title application into the new owner's name.

3-13.2 Duplicate Transfer Procedure. Dealers may use the duplicate transfer procedure when a customer trades in his/her vehicle but cannot find the title. The steps are as follows:

- a) The customer and a representative of the dealer must go together to a Secretary of State branch office (the customer cannot use form TR-128, *Appointment of Agent*, to appoint the dealer or anyone else as agent).
- b) If the title record is in two names, both owners must appear and present identification. The transfer into the dealer's name will result in a resale title. Therefore, the dealer must bring a completed RD-108 for this part of the transaction. The title fee is due for both transactions.

Section 3-14

RESCINDED (CANCELED) DEALS

3-14.1 Authorization. If a dealer cancels or rescinds a vehicle sale after applying for a customer's title and submitting sales tax and registration fees, the dealer may claim a credit of the sales tax with the Michigan Department of Treasury under certain conditions. Also, the dealer may apply for a refund of the registration fee from the Michigan Department of State if the vehicle was *not* delivered and the plate or tab was not used on the vehicle.

3-14.2 Sales Tax Credit Procedure. To qualify for a credit of paid sales tax, the dealer must return to the customer all monies, credits or other consideration, such as rebates, trade-ins, etc., paid for the vehicle, including sales tax. The steps are as follows:

NOTE: A vehicle “buy back” for less money than originally paid by the customer does not qualify as a rescinded sale and is not eligible for sales tax credit unless the vehicle is bought back under Michigan's “Lemon Law.” Questions regarding eligibility for a sales tax credit should be directed to the Sales, Use, and Withholding Taxes Division of the Michigan Department of Treasury at 517/373-3190.

- a) The customer assigns the title back to the dealership;
- b) The dealer may claim a sales tax credit on the sales, use and withholding tax return

worksheet, Booklet C-3091. Questions should be directed to the Department of Treasury, as indicated above;

- c) The dealer may sell the vehicle again by reassigning the title. A resale title is not required.

NOTE: Although the original sale was canceled, a title record for the vehicle is now on record with the Secretary of State. Therefore, the vehicle is now considered “used” and may not be represented as a “new” vehicle to a potential buyer. See Section 3-20.3, New Vehicle Titled in Error.

3-14.3 Registration Fee Refund Procedure. To qualify for a registration fee refund, the sale must have been canceled before the vehicle was delivered or, if delivered, before the new license plate or tab was used on the vehicle. There is no refund of the title fee.

- a) **Non-delivery of Vehicle.** If the vehicle was not delivered, the procedure to apply for refund of the registration fee and sales tax is as follows:

- 1) Complete and submit form MV-13, *Application for License Plate Fee Refund*;
- 2) Complete an RD-80A, *Application for Sales Tax Refund to Dealer*. The dealer takes a credit on their monthly or quarterly tax report and keeps the completed RD-80A as a supporting document;
- 3) Submit the validated pink copy of the RD-108;
- 4) Submit the unused registration plate and tab;
- 5) Mail all documents and plate/tab to the following address:

Michigan Department of State
Finance Division
Refund Section
Lansing, Michigan 48918-1422

Once approved, the Finance Division will mail the registration fee refund to the dealership.

- b) **Delivery of Vehicle.** If the vehicle was delivered and the new registration was not used, the purchaser must apply for a refund of the registration fee. Form A-226, *Michigan Department of State Refund Request Form*, is used.

NOTE: The purchaser may be eligible for a registration fee refund if the vehicle was delivered with a 15-day temporary registration and returned within the 15-day period, or delivered with a dealer plate and returned within the 72-hour period, as long as the purchaser’s new license plate or tab was not placed on the vehicle.

Section 3-15

EXPEDITIOUS TITLE SERVICE

Expeditious title service is offered at all Secretary of State branch offices for vehicle titles, watercraft titles, and mobile home titles. A \$5 fee (in addition to all other fees) is charged for expeditious service. Expeditious title service ensures that if a problem occurs with processing, the application will receive priority attention from Department of State staff in Lansing.

Section 3-16

INSTANT TITLES (WHILE-YOU-WAIT SERVICE)

3-16.1 Locations. Same-day (while-you-wait) title service is provided at several Secretary of State branch offices throughout Michigan. Dealers should contact their designated Secretary of State branch office for information about the nearest location that provides this service. There is an additional fee of \$5 for each transaction.

3-16.2 Authority. Instant title service is available for new vehicles, used vehicles with a Michigan title, duplicate Michigan titles, and Michigan resale titles. Instant title service is not available for out-of-state titles, original salvage title applications, scrap title applications, or mobile home titles.

NOTE: If the Michigan Department of State's mainframe computer is temporarily out of service, instant titles cannot be printed. If a lengthy delay is anticipated, Secretary of State branch offices will accept the instant title application and then mail the new title.

3-16.3 Instant Title Checklist. Before traveling to a Secretary of State branch office for instant title service, a dealer should review the following steps for correct and necessary documentation:

- a) Make sure the transaction is eligible for while-you-wait service;
- b) Be sure the dealer's agent has proper identification. Identification is required for every title application. A Michigan driver license or personal identification card is acceptable, or the same documents required for an original driver license;
- c) Be sure to take all documents needed to complete the transaction. This could include, but is not limited to: proof of ownership; legal papers; form TR-54, *Vehicle Number and On-Road Equipment Inspection*; form TR-114, *Special Mailing of Certificate of Title*; form TR-34, *Certification*; form TR-128, *Appointment of Agent*, etc.

Section 3-17

DRIVER EDUCATION VEHICLES

3-17.1 Requirements. Some dealers furnish vehicles to secondary schools for driver education programs. If these vehicles are simply loaned, there are no special titling requirements. If the vehicles are sold or leased to the school, they must be titled. There are two options for titling:

- a) Title the vehicle in the name of the school district; or,
- b) Title the vehicle in the name of the dealership or the dealer's leasing company.

In either case, the dealer should enter "municipal" in the body style box of the RD-108 and check the "government vehicle" box.

3-17.2 Tax. When a vehicle is leased to a school district, a copy of the lease agreement is not required with the title application. Tax is not collected. The dealer enters "Tax Exempt – Driver Education Vehicle" in the Remarks section on the RD-108.

3-17.3 License Plates. Plates may be purchased and provided by the dealer or the school district may use its own municipal "X" plates.

NOTE: When a driver education vehicle is returned to the dealer after a lease or a loan, the dealer must disclose to the first retail customer in the Remarks section of the RD-108 that the car was used as a driver education vehicle. There will be no brand on the title. The "used" box must be checked even though the vehicle was not previously titled.

Section 3-18

SELLING A MOTOR VEHICLE TO A MINOR

3-18.1 Authority. An unemancipated minor is a person under age 18 whose actions are the responsibility of the minor's parents or legal guardian. It is unlawful to knowingly sell a motor vehicle to an unemancipated minor without written permission from a parent or guardian.

3-18.2 Procedure. The dealer obtains adult permission by having the parent(s) or guardian complete form B-32, *Parental Consent to Sell a Vehicle to a Minor*, available from Secretary of State branch offices. By law, the dealer must keep this permission form for three years, but it is recommended that dealers keep the form for five years to meet the requirements of the Michigan Vehicle Code. Form B-32 is not presented as part of the title transaction. The Michigan Department of State is not responsible for checking the age of vehicle owners or verifying parental permission.

Section 3-19

ACQUIRING A VEHICLE – PREVIOUS OWNER DECEASED

If a dealer acquires a vehicle and the owner named on the face of the title is deceased, certain steps are required before purchasing the vehicle:

- a) If the title is in two names with “Full Rights to Survivor” showing, the surviving owner may assign the title to the dealer and present a copy of the death certificate.
- b) If the title does not read “Full Rights to Survivor” or the title is in only one name, a different procedure is used:
 - 1) If the deceased’s estate is being probated, the Probate Court appoints a Personal Representative to handle the estate. The Personal Representative assigns the deceased’s title to the dealership and provides a copy of his/her Letter of Authority from the court.
 - 2) If the estate is not probated, the surviving spouse may assign the title to the dealership using form TR-29, *Certification from the Heir to a Vehicle*, and a copy of the death certificate.
 - 3) If there is no surviving spouse, the next closest relative may assign the title to the dealership using Form TR-29, *Certification from the Heir to a Vehicle* and a copy of the deceased’s death certificate.

In each of these situations, attach the required documents (death certificate, TR-29 *Certification from the Heir to a Vehicle* form, and Letter of Authority) to the RD-108 when the vehicle is sold. The dealer may surrender these documents to the Secretary of State to obtain a resale title before selling the vehicle.

Section 3-20

WRONG TITLE OR MCO WITH AN RD-108

3-20.1 Procedure. If a dealer submits the wrong MCO or title with an RD-108, the following procedure is used:

- a) Unless the title application is retrieved at the Secretary of State branch office on the same day it is processed, the new title showing the incorrect VIN will be mailed to the purchaser named on the application. The transaction cannot be intercepted in Lansing. The dealer must retrieve the incorrect title from the customer.
- b) To correct the error, two RD-108s must be completed – one for a resale title and one to correct the customer’s title.

3-20.2 Used Vehicle Titled in Error. If the vehicle titled in error using the wrong VIN was a used vehicle, the dealer submits the following to a Secretary of State branch office:

- a) A copy of the validated RD-108 receipt showing the incorrect VIN.
- b) The incorrect title. Do not reassign it. A lien on the title does not have to be terminated as long as it is carried over to the second corrected application.
- c) A statement explaining the error. Include descriptions of both vehicles in the statement.
- d) An RD-108 resale title application naming the dealer as owner.
- e) The title fee. There is an additional \$5 fee if the dealer wants expeditious service.
- f) For the correct vehicle the dealer submits the following documents:
 - 1) The properly assigned title, along with a copy of the previous (incorrect) RD-108.
 - 2) A corrected RD-108 in the purchaser's name. Note on the RD-108 that it is a correction transaction to correct the VIN.
 - 3) The \$11 title fee. The tax is carried over from the previous RD-108. Note this in the Remarks section.

3-20.3 New Vehicle Titled in Error. If the vehicle titled in error with an incorrect VIN was a new vehicle, the dealer may either apply for a resale title using the above procedure or may request that the incorrect title record be deleted. By having the record deleted, the dealer may sell the vehicle as new.

- a) To have the incorrect title record deleted, the dealer prepares a request on dealership letterhead stationery asking that the incorrect title be deleted from Michigan Department of State records. The request should state that the error was due to a wrong VIN on the RD-108.
- b) The dealer submits the request letter, the incorrect title, and a photocopy of the customer's correction RD-108 (showing the correct VIN) to a branch office. The branch office will forward the request to Lansing.
- c) Upon receipt in Lansing, staff will delete the incorrect title record within 2-4 days, if approved.
- d) Once the title record is deleted, the dealer may sell the vehicle as new. Unless the vehicle manufacturer participates in the paperless MCO program, the dealer will need to obtain a duplicate MCO.
- e) For the correct vehicle the dealer submits the following to a Secretary of State branch office:
 - 1) The properly assigned MCO or title, along with a copy of the previous (incorrect) RD-108.

- 2) A corrected RD-108 in the purchaser's name. Note on the RD-108 that it is a correction transaction to correct the VIN.
- 3) The title fee plus an additional \$5 fee if expedited service is desired. The tax is carried over from the previous RD-108. Note this in the Remarks section.

Section 3-21

DEMONSTRATOR TITLE – CLASS A DEALERS ONLY

3-21.1 Authorization. A demonstrator is a new motor vehicle used for testing and demonstrating purposes and titled as a demonstrator. The Michigan Department of Treasury limits the number of tax-exempt demonstrators a dealer may title in one year.

3-21.2 Titling a “Demo” Vehicle. The following procedure is used:

- a) Submit a completed RD-108 with the “New” vehicle box checked (the “Demo” box is used when the demonstrator vehicle is sold at a later date). Enter “TAX EXEMPT – DEMONSTRATOR” in the Remarks section;
- b) Complete a separate form 137, *Affidavit to License and Title a Demonstrator*, available from printing companies or the Michigan Automobile Dealers Association. Dealers may also produce the form.
- c) Since a dealer plate can be used on a demonstrator vehicle, a license plate does not have to be purchased or transferred when titling a demonstrator vehicle.

NOTE: If a dealer chooses not to title a vehicle used as a demonstrator, mark the “Demo” box, not the “New” box, on the RD-108 when the vehicle is sold at retail. In the Remarks section, enter “Untitled Demo.”

Section 3-22

COURTESY DELIVERIES

3-22.1 Authorization. New vehicles delivered by a Michigan dealer on behalf of another dealer are called “courtesy” delivery vehicles. The dealer making the delivery is not the seller of the vehicle and therefore does not enter the vehicle in his/her dealer records. The delivering dealer does not use his/her RD-108 or reassign the MCO or title. The delivering dealer must be properly licensed and franchised to deal in the make of vehicle being delivered.

3-22.2 Procedure. When making a courtesy delivery, use the following procedure:

- a) If the sale was made by a Michigan dealer, the selling dealer's RD-108 is used. Sales tax is due or must be accounted for.
 - 1) Enter “Courtesy Delivery by (delivering dealer name and dealer number)” in the Remarks section.

- 2) The RD-108 can be presented at the delivering dealer's designated Secretary of State branch office.
- b) If the sale was made by an out-of-state dealer, use form TR-11L, *Application for Michigan Vehicle Title*, signed by the customer. Note the courtesy delivery information as described above. Sales tax is due or must be accounted for.

NOTE: If the purchaser is transferring a plate to the new vehicle, the delivering dealer should fill out an RD-108 with the transfer information. The RD-108 will not be submitted to or validated by the branch office. A copy of the RD-108 should be given to the purchaser to act as the temporary registration for the transfer plate. The TR-11L must be submitted to the Secretary of State branch office for processing within 15 days of vehicle delivery.

Section 3-23

OFF-ROAD VEHICLES

Michigan law does not require a dealer license from the Michigan Department of State to sell vehicles that are strictly for off-road use. Questions regarding off-road vehicles can be addressed by the dealer's designated Secretary of State branch office or the Michigan Department of Natural Resources.

3-23.1 Requirements. Upon selling a new or used off-road vehicle (ORV), a dealer must apply for the purchaser's ORV title within 15 days from the date of delivery. Only those vehicles used strictly off-road receive an ORV title. Vehicles used both on-road and off-road, such as dual-purpose motorcycles and 4 x 4 trucks, receive only the regular on-road title.

3-23.2 Titling a New ORV. To title a new ORV upon sale:

- a) Complete a form TR-11L, *Application for Michigan Vehicle Title*, available from a Secretary of State branch office (RD-108s are used for on-road title applications).
- b) Submit the ORV's reassigned MCO with the TR-11L.
- c) Specify one of the special ORV body styles listed below (regular body styles are not used with ORV title applications).

2-wheel	3-wheel	4-wheel
Multi-wheel	Air	Track

- d) No odometer information is required.
- e) Sales tax is due on the full purchase price of an ORV including all accessories. Branch offices do not collect sales tax with ORV title applications submitted by dealers (even Class A and B dealers). Upon selling an ORV, dealers should report and pay sales tax directly to the Michigan Department of Treasury.
- f) Submit the \$11 ORV title fee.

3-23.3 Titling a Used ORV. Procedures for titling a used ORV upon sale are the same as titling a new ORV (see Section 3-23.2), except that in place of an MCO, one of the following is submitted with the TR-11L application:

- a) For a used, already titled ORV, the properly assigned title is submitted. Liens must be terminated. This applies to all dealers selling a used ORV, even Class A and B dealers.
- b) For a used, not yet titled ORV, type “Not Previously Titled” on the TR-11L.

3-23.4 ORV Decals. The law also requires dealers to acquire an ORV decal for the purchaser. ORV decals are provided by the Michigan Department of Natural Resources (DNR), not the Michigan Department of State. Contact the DNR at 517/373-9900 for more information.